

Medicare Prescription Drug Bill: Senate Finance vs. House GOP vs. Democratic Proposal

	Senate Finance Committee Bill (S. 1)	House GOP Bill	House Democratic Bill (H.R. 1199)
Coverage Gap	<u>YES - AFFECTING 12% OF BENEFICIARIES</u> No coverage for drug costs from \$4,500 to \$5,800.	<u>YES - AFFECTING 47% OF BENEFICIARIES</u> No coverage for drug costs from \$2,000 to \$4,900.	<u>NO</u> There is no coverage gap.
Guaranteed Lower Drug Prices	<u>NO</u> The Secretary of HHS is <u>prohibited</u> from negotiating lower drug prices. Instead, private insurers negotiate separately on behalf of subsets of the Medicare population, diminishing the program's group negotiating power.	<u>NO</u> The Secretary of HHS is <u>prohibited</u> from negotiating lower drug prices. Instead, private insurers negotiate separately on behalf of subsets of the Medicare population, diminishing the program's group negotiating power.	<u>YES</u> The Secretary of HHS uses the collective bargaining clout of all 40 million Medicare beneficiaries to negotiate lower drug prices. These reduced prices will be passed on to beneficiaries. The bill also includes measures to reduce drug prices for <u>all</u> Americans, including expanding the availability of generic drugs by closing loopholes used by drug companies to extend their patents.
Guaranteed Minimum Prescription Drug Benefit	<u>NO</u> Beneficiaries are forced to use private insurance companies for drug coverage, rather than Medicare. Although the benefit offered by private insurers has to be "actuarially equivalent" to a "benchmark," benefit and premiums will vary widely.	<u>NO</u> Beneficiaries are forced to use private insurance companies for drug coverage, rather than Medicare. Although the benefit offered by private insurers has to be "actuarially equivalent" to a "benchmark," benefit and premiums will vary widely.	<u>YES</u> Medicare covers prescription drugs like other Medicare benefits, with guaranteed benefits, premiums, and cost sharing for all beneficiaries who wish to participate.
Turns Medicare into A Voucher Program	<u>NO</u> While HMOs and PPOs are encouraged to compete with each other, traditional fee-for- service Medicare remains.	<u>YES</u> Traditional Medicare program is chopped into 10 or more regional plans in 2006 and then basically turns into a voucher program – rather than a defined benefit program – in 2010.	<u>NO</u> No provisions.
Guaranteed Monthly Premium	<u>NO</u> (Sponsors estimate an average premium of about \$35/month, but private insurance companies will set premiums, which could be much higher.)	<u>NO</u> (Sponsors estimate an average premium of about \$35/month, but private insurance companies will set premiums, which could be much higher.)	<u>YES</u> Specified in statute. \$25/month.
Annual Deductible	<u>\$275</u> (or amount that makes benefit "actuarially equivalent")	<u>\$250</u> (or amount that makes benefit "actuarially equivalent")	<u>\$100</u> (specified in statute)

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Co-Payments Paid by Beneficiary	<u>YES</u> Under “benchmark” benefit, beneficiary pays 50% of drug costs up to \$4,500. Then beneficiary pays 100% up to \$5,800.	<u>YES</u> Under “benchmark” benefit, beneficiary pays 20% of drug costs up to \$2,000. Then beneficiary pays 100% up to \$4,900.	<u>YES</u> Beneficiary pays 20% of drug costs until catastrophic cap of \$2,000 in out-of-pocket expenses is reached. Then beneficiary pays 0%.
Catastrophic Coverage	<u>NONE</u> Beneficiary has to continue paying 10% copayment once the coverage gap stops at \$5,800.	<u>WEAK</u> When drug costs exceed \$4,900, 100% of drug costs are covered (except for higher-income beneficiaries; see below).	<u>STRONG</u> When out-of-pocket costs exceed \$2,000, 100% of drug costs are covered.
Means-Testing Provision	<u>NO</u> No provisions.	<u>YES</u> For higher-income beneficiaries, catastrophic coverage would start at higher thresholds than \$4,900 – rising to \$13,200 for the highest-income.	<u>NO</u> No provisions.
Fallback Prescription Drug Plan	<u>YES</u> Provides a government fallback prescription drug plan in regions where two private drug plans fail to emerge.	<u>NO</u> Does not provide a government fallback prescription drug plan in regions where two private drug plans fail to emerge.	<u>NOT APPLICABLE</u> Not applicable. Under bill, all beneficiaries already have the option of a government prescription drug plan.
Ensures Same Benefit and Same Premiums for Rural Beneficiaries	<u>NO</u> By creating different regions with different rules, and relying on private insurance plans to offer coverage, the bill does not guarantee the same benefit and premiums to rural beneficiaries.	<u>NO</u> By creating different regions with different rules, and relying on private insurance plans to offer coverage, the bill does not guarantee the same benefit and premiums to rural beneficiaries.	<u>YES</u> By establishing a uniform prescription drug benefit under the Medicare program, rural beneficiaries are guaranteed access to the same benefit and premiums as their urban counterparts.
Coverage for Prescribed Medicines	<u>LIMITED</u> Private drug insurers can deny coverage for drugs not in their “formulary.”	<u>LIMITED</u> Private drug insurers can deny coverage for drugs not in their “formulary.”	<u>YES</u> Medicare beneficiaries have coverage for all drugs prescribed by their doctor.
Increases Costs for Doctors’ Visits	<u>YES</u> Raises the Medicare Part B deductible and indexes it for inflation.	<u>YES</u> Raises the Medicare Part B deductible and indexes it for inflation.	<u>NO</u> No increased costs.
Lower-Income Protections	<u>BETTER THAN HOUSE GOP</u> Significant subsidies up to 160% of poverty; no assets test for those between 135-160% of poverty.	<u>WEAK</u> Significant subsidies up to only 135% of poverty; imposes asset tests that may disqualify up to 40% of otherwise low-income beneficiaries.	<u>STRONG</u> No cost sharing or premiums up to 150% of poverty; sliding scale premiums between 150% and 175% of poverty. No assets test.